



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 124-2014

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LETTER TO COMMISSION

CITY CLERK'S OFFICE

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: April 10, 2014

SUBJECT: New Procedures for the Monitoring of Contractors' Compliance with Workers' Compensation Laws Implemented by the Building Department

The purpose of this Letter to Commission is to provide notice of a new procedure being utilized by the Building Department to monitor compliance with State workers' compensation laws by contractors that have active projects in the City of Miami Beach.

Chapter 440 of the Florida Statutes generally requires any employer in the construction industry to carry workers' compensation insurance coverage for its employees. Employers may exempt up to three (3) of their officers from this coverage, provided that each of the officers has at least a ten percent ownership interest in the company. A recent review of Building Department records showed that there are more than 900 contractors with active projects that are claiming the workers' compensation insurance exemption. In an effort to protect property owners who could incur liability due to this lack of insurance coverage by hired contractors, the Building Department now requires a Notice to Owner (copy attached) to be filed, indicating the claim of exemption by the contractor, as well as the property owner's informed consent. Additionally, the Building Department will be performing random inspections at job sites throughout the City to verify proper insurance coverage.

The Notice to Owner forms may be downloaded at www.miamibeachfl.gov/building/. Please feel free to contact Building Director/Official Mariano Fernandez at 673-7610, Extension 6868, with any questions.


JLM/JJ/MVF/SS

Notice to Owner – Workers' Compensation Insurance Exemption

Florida Law requires Workers' Compensation insurance coverage under Chapter 440 of the Florida Statutes. Fla. Stat. § 440.05 allows corporate officers in the construction industry to exempt themselves from this requirement for any construction project prior to obtaining a building permit. Pursuant to the Florida Division of Workers' Compensation Employer Facts Brochure:

An employer in the construction industry who employs one or more part-time or full-time employees, including the owner, must obtain workers' compensation coverage. Corporate officers or members of a limited liability company (LLC) in the construction industry may elect to be exempt if:

1. The officer owns at least 10 percent of the stock of the corporation, or in the case of an LLC, a statement attesting to the minimum 10 percent ownership;
2. The officer is listed as an officer of the corporation in the records of the Florida Department of State, Division of Corporations; and
3. The corporation is registered and listed as active with the Florida Department of State, Division of Corporations.

No more than three corporate officers per corporation or limited liability company members are allowed to be exempt. Construction exemptions are valid for a period of two years or until a voluntary revocation is filed or the exemption is revoked by the Division.

Your contractor is requesting a permit under this workers' compensation exemption. In these circumstances, the City of Miami Beach does not require verification of workers' compensation insurance coverage from the contractor's company. Therefore, you may be personally liable for the worker compensation injuries of any person allowed to work under this permit. Please check with your insurance carrier since most property insurance policies DO NOT cover this type of liability.

BY SIGNING BELOW YOU ACKNOWLEDGE THAT YOU HAVE READ THIS NOTICE AND UNDERSTAND ITS CONTENTS.

Owner

Print Name: _____

Signature: _____

State of Florida)
County of Miami-Dade)
Sworn to and subscribed before me this _____
day of _____, 20____.

By _____

(SEAL) _____

Type of Identification produced _____

Contractor

Print Name: _____

Signature: _____

State of Florida)
County of Miami-Dade)
Sworn to and subscribed before me this _____
day of _____, 20____.

By _____

(SEAL) _____

Type of Identification produced _____